

ICPS newsletter

EU strategy for Ukraine: What is the possible cost of non-integration?

By the end of this year the European Union will have approved a strategy for Ukraine. This document will declare its intentions regarding further support of Ukraine on its European path and clearly determine integration trends and concrete co-operation projects for the next few years. Ukraine's economic reforms and its integration into the European Union have become organically connected processes, because reforms—including liberalisation of foreign-economic activity, industry privatisation and restructuring—are mandatory conditions for integration into the EU. Participants of an expert discussion titled "EU Strategy For Ukraine: A Step towards Integration or Just Continuation of the Partnership?" noted that Ukraine is determinedly implementing its policy of integration into European and North Atlantic structures. The cost of the integration is high, but the world community should realise that the cost of Ukraine's non-integration into the EU would be much greater

During the first eight years of its independence Ukraine has taken important steps in nation-building and toward consolidating its democracy. Ukraine today enjoys good and peaceful relations with all its neighbours. Working closely with the European Union and carrying out its policy of integration into European structures, Ukraine will be able to export its products to well-developed markets of these countries. On the other hand, the European Union itself is interested in developing ties with Ukraine because we have a rich base of natural resources that is close to the EU, and we are also an important transport and energy corridor. Ukraine links Western Europe with the Caucasus and Central Asia, with the shortest route from the Black Sea to the Baltic Sea running through its territory. Despite its domestic difficulties, Ukraine has become an important factor for European security, whose priority element is political and economic stability in Central and Eastern Europe. The EU has encouraged strengthening Ukraine's role in Southern and Eastern Europe, and particularly the close involvement of Ukraine in stabilising the Balkan crisis.

Ukraine has deliberately chosen the

course of integration into the European community. Ukrainian leaders are capable of creating proper conditions for successfully advancing this country towards Europe, though, according to Mr. Yevhen Bersheda, First Deputy Minister of Foreign Affairs, realisation of Ukraine's European choice may be very difficult without support from the European Union. Ukraine is waiting for political endorsement of its choice and seeking official EU recognition that the integration is possible, at least in the long-run perspective. The EU common strategy towards Ukraine, the elaboration of which is currently reaching its final stage, will provide Ukraine the chance to hasten European integration and increase the effectiveness of economic reforms.

Mr. Martti Isoaro, Extraordinary and Plenipotentiary Ambassador of Finland to Ukraine, noted that the EU recognises Ukraine's pro-European choice and is committed to working with Ukraine at national, regional, and local levels in order to support a successful political and economic transformation in Ukraine. The Finnish Ambassador believes that special attention should be paid to strengthening civil society

This Week

Reforming education at the local level. As a part of ICPS's Educational Reform Strategy project in Lviv, a seminar on "Educational Policy for Lviv" will be held on November 29–30 in Lviv. The seminar will be organized around three thematic blocks:

- obstacles to achieving the objectives of the educational policy, and ways of overcoming these obstacles;
- the main tasks and the expected outputs of the educational policy;
- drafting a plan of further work.

The presentations will be given by Mr. Pavlo Khobzei, chief of the Board of Education of the Department for Humanitarian and Social Policy of the Lviv city rada ("Overall Goal and Objectives of Reforming Education in Lviv"), Mr. Volodymyr Nikitin, ICPS's expert ("Prospects of Implementing the Educational Policy in Lviv"), Mr. Włodzimir Paszinski, head of the Chair of Education Management of Warsaw University ("Poland's Experience in Reforms"), and Mr. Yuri Lukovenko, coordinator of ICPS's Educational Reform Strategy project ("Requirements for Educational Policy Outputs and Implementation Criteria").

The results of the seminar will be published in the next issue of the **ICPS Newsletter**.

Next Week

Improvement of the efficiency of state expenditures. A quarterly seminar on "Moving towards objective-based budgeting" will be

held as a part of ICPS's Center of Policy Excellence (budget policy) project on Saturday, December 11. The objective of the seminar is to provide input into work done by the Ministry of Finance on improving the efficiency of state expenditures through moving converting to objective-based budgeting.

It is expected that this seminar will provide feedback on the process developed by CoPE participants from the Ministry of Finance to move towards objective-based budgeting. The direct output of the workshop will be a report summarizing the key themes and suggestions arising from the workshop. The Ministry of Finance will take these comments into account in subsequent drafts of their work.

The following presentations are planned:

- Developing a Process for Moving towards Objective-based Budgeting: Key Issues (Paul Goodwin, Advisor to the Ministry of Finance of Ukraine, Barents Group);
- What Should Be Done in 2000 to Improve the Efficiency of Budget Expenditures (Anatoli Maksiuta, Head of the Budget Department of the Ministry of Finance of Ukraine);
- Experience of the Czech Republic in Moving towards Objective-based Budgeting (Eiji Siman, Deputy Head of the State Budget Department of the Ministry of Finance of the Czech Republic).

During group work, the following issues will be discussed:

- the objectives of designing this process: where are we now and where do we want to be?;
- critical steps or activities that must be undertaken to achieve the desired results;
- key individuals and organizations that should be consulted or included in the process;
- potential barriers and risks to successful adoption and implementation of this plan;
- solutions to these barriers and/or contingency plans for dealing with risks.

Concerning invitations for ICPS's seminar, please contact Larysa Romanenko, manager of the Communication Forums Group. E-mail: LRomanenko@icps.kiev.ua tel. (380-44) 463-5967.

and the role of non-government organisations in Ukraine. In order to foster economic relations between Ukraine and the EU, further progress should also be made in abolishing barriers to trade and investment, as provided for in the Partnership and Co-operation Agreement signed in 1994. The full implementation of this Agreement is a prerequisite for Ukraine's successful integration into the European Union and will also help Ukraine assert its European identity.

The National Program of Ukraine's Integration into the EU foresees 17 activities that are planned to be carried out in three stages, as Mr. Oleksandr Brodsky, Deputy Head of the National Agency for Development and the European Integration, reported. The first stage will be implemented in 2000, the second in 2001–2003, and the third in 2004–2007. The stumbling block of the Program is adaptation of Ukrainian legislation to European standards. Mr. Brodsky informed the discussion

participants that it would be possible to comply with EU accession conditions in Ukraine by 2007.

Mr. Bohdan Hawrylyshyn, Head of the ICPS Supervisory Board, considers that Ukraine has no alternatives in meeting its national interests except integration into the European Union and North Atlantic structures. According to Mr. Hawrylyshyn, the cost of Ukraine's integration into the EU is vast, but the world community should understand that the cost of Ukraine's non-integration into the EU would be dozens of times more.

The expert discussion on "EU Strategy for Ukraine: A Step towards Integration or Just Continuation of the Partnership?", co-organised by the Europe-XXI Foundation and the International Centre for Policy Studies, was held on November 23.

Strategy-21 for Ukraine

At a macroeconomic seminar held at ICPS on November 23, Mr. Oleksandr Hurevych, editor of the economic department of the Ukrainian i svit s'ohodni newspaper (Ukraine and the World Today), presented his vision of Ukraine's economic strategy for the 21st century

According to the speaker, current state policy should be directed at defining an active strategy for Ukraine's integration into the global economic and informational space.

Mr. Hurevych believes that the approach to "Strategy-21 should aim for the transformation of the mentality of the national elite rather than bureaucratic changes, which are needed but are not top-priorities. Additionally to the strategy of domestic growth, which should be based particularly on the development of small and medium businesses, a comprehensive strategy for improving competitiveness and Ukraine's integration into the world community needs to be designed and implemented.

Mr. Hurevych proposed the following

additional elements of this strategy:

- Being guided by an analysis of national potential and world market trends, the country's place in the global economy should be determined, and sectors with good export-oriented prospects should be identified. Moreover, it is necessary to stop supporting those sectors that are unable to compete in the international market.
- In determining policy regarding the import of a given product, the overall industrial situation as well as this product's place in the domestic economy (from the viewpoint of international labour distribution) should be taken into account. A green light should be given to the import of goods needed for developing export-oriented industries.

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